

AAPC G-PP&E Task Force Use Sub-Group Meeting Minutes – 10 June 2008

ATTENDEES:

Attendee	Email
Fred Carr (Use, Co-Chair)	Fredrick.carr@pentagon.af.mil
Monica Valentine (AAPC)	ValentineM@fasab.gov
Chris Osborne (Use)	Osborne.Christopher@epamail.epa.gov
Lamar Hortman (Use)	Lamar.hortman.ctr@pentagon.af.mil
Ken Schreier (Acquisition, Use, & Disposal)	j.schreier@comcast.net
Donjette Gilmore (AAPC)	donjette.gilmore@osd.mil
Carol Phillips (SAF/FMP)	Carol.phillips@pentagon.af.mil
Tom Lyden (Use)	Thomas.lyden.ctr@pentagon.af.mil
Seth Baldwin (Use)	Seth.baldwin.ctr@pentagon.af.mil
Tracy McAteer (Use)	Tracy.mcateer.ctr@pentagon.af.mil
Alice Carey (Acquisition)	Alice.Carey@DODIG.MIL
Frank Policastro (Use)	Frank.policastro.ctr@pentagon.af.mil
Bob Benefiel (Use)	ROBERT.E.BENEFIEL@DFAS.MIL
Parker Hill – for David Horn (Use)	Parker_Hill@ios.doi.gov
Rick Zaffarese-Leavitt (Bureau of Reclamation)	FZAFFARESE@lc.usbr.gov
Debra Nichols	TBD
Joe Knarick – for Alaleh Amiri (Disposal)	alaleh.amiri@osd.mil
Mark Sterinsky (General Counsel)	TBD

Mr. Carr led this meeting with representatives from the Acquisition, Use and Disposal Sub-Groups of the AAPC PP&E Task Force to discuss items identified in the agenda. The primary topic of discussion was Work-in-Process (WIP).

NOTES:

- Mr. Carr opened the meeting by making introductory comments and highlighting the agenda. He took a few minutes to take attendance for both in-person and teleconference attendees.
- Mr. Carr focused attention to the 6 Jun 08 version of the subgroup issue document.
- Monica Valentine stated the new issue document was still in draft format and out pending comments from the various subgroups co-chairs. Final approval of the reassigned issues topics will be posted on the web portal once all comments have been received and reviewed.
- Chris Osborne asked for a copy of the revised issue document.
- Mr. Carr briefly stated the next item on the agenda was Composite/Group Depreciation. The Use subgroup support team has several analysis papers and is in the process of merging these for a single research paper on the topic. This issue topic will be addressed at a later date (once the consolidation of the analysis papers is complete).

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- Mr. Carr focused the meeting's discussion onto the next agenda topic; Work-in-Process. He stated the Use subgroup support team had prepared an analysis paper (from an academic point-of-view) and it needed to be thoroughly vetted.
- Carol Phillips (SAF/FMP) was introduced to the subgroup and asked to provide some historical perspective on the issue topic of WIP. Carol provided information regarding the merger of some accounts years ago within working capital fund and highlighted these areas:
 - FAR definition of Construction-in-Process (CIP), Work-in-Process (WIP), and Legal right of Goods and Services (G&S).
- Carol stated the issue isn't normally with Real Property (RP), but problems exist in the area of Military Equipment (ME) and delivery.
- Some general discussion by several attendees took place regarding the impact on contract type and its effect on legal rights to delivery and property ownership. The focus of this discussion centered around the location of the asset.
- Mark Sterinsky (General Counsel) commented on Financing Payments and Title Changing hands. He stated the location of the asset was not critical in determining the acceptance or ownership.
- Some general discussion took place by several attendees regarding the control of the asset. Carol Phillips spoke to control vs. location and expressed comments about how much control the government could have if the asset were physically located outside the government's control.
- Ken Schreier (AT&L rep) commented that he was representing Rick Sylvester and AT&L.
- Alice Carey commented that the WIP analysis paper seemed to express an opinion in favor of recording WIP.
- Mr. Carr discussed the CIP perspective using Real Property as an example. He emphasized that he didn't see the need to record anything other than RP and ship-building as CIP/WIP. A significant impact on determining who and what to record on the books would be what information is available to capture "true" cost for an asset in the control of the contractor.
- Ms. Phillips referred back to the legal position of contract type, control and location of the asset as being critical determining factors.
- After some additional general discussion regarding legal rights, control and location, Mr. Carr thanked everyone for their comments and discussion. He summarized the content of the meeting and provided the following points:
 - It is important to thoroughly vet the issue of CIP/WIP with all agencies/DoD IG/General Counsel.
 - We need to distribute the topic to appropriate subject matter experts (SMEs) within each agency and par down the issue to determine advantages/disadvantages, pro/con, applicable business rules, lessons-learned, etc.
 - NASA was mentioned as an agency with an important/pivotal role. Efforts will be made to incorporate NASA's perspective on this issue.
 - It will be necessary to retool the analysis to provide a sound recommendation on the subgroup position regarding CIP/WIP.
 - Two-Three weeks of coordination between the support team and agency SMEs to compile information to prepare common approach.
 - Support team would be contacting other members for help in determining the right SME within agencies to provide the level of detail necessary to capture all the vital facts needed to draw conclusions.
- Mr. Carr commented there were clearly differing opinions within the AAPC Task Force regarding the issue. He stated we were not close to agreement on the topic, but the discussion was very helpful and everyone provided good input.

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- Alice Carey asked to have the meeting attachments emailed to her.
- Monica Valentine focused attention on SFFAC No. 5 for definition of Asset. She also mentioned she would research the definition of Intangibles and Classification.
- The meeting was adjourned. The next meeting will be determined based on the 2-3 weeks necessary to vet the CIP/WIP issue with all the agencies/DoD IG/General Counsel.
- A schedule of the regular Use subgroup has been posted on the web portal.